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4 UNITED STATES DISTRICT COURT  
5 NORTHERN DISTRICT OF CALIFORNIA

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7 LED ONE DISTRIBUTION, INC.,  
8 Plaintiff,  
9 v.  
10 C.S. KOIDA LLC, et al.,  
11 Defendants.

Case No. 16-cv-4315-PJH

**ORDER DENYING MOTION TO  
TRANSFER CASE TO DISTRICT OF  
NEW JERSEY; ORDER VACATING  
HEARING DATE**

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14 Before the court is the motion of defendants and counterclaimants C.S. Koida  
15 ("Koida") and Jin Choi ("Choi") to transfer this case to the District of New Jersey pursuant  
16 to 28 U.S.C. § 1404(a) for the convenience of parties and witnesses. Having read the  
17 parties' papers and carefully considered their arguments and the relevant legal authority,  
18 the court hereby DENIES the motion.

19

**BACKGROUND**

20 Plaintiff LED One Distribution, Inc. ("LED One") filed this action against Koida and  
21 Choi on July 29, 2016, asserting claims of breach of contract, fraud/misrepresentation,  
22 breach of the implied covenant of good faith and fair dealing, unjust enrichment, account  
23 stated, goods and services delivered, and quantum valebant. LED One is a California  
24 corporation, with its principal place of business in Fremont. It manufactures and sells  
25 light emitting diode ("LED") lighting products. Koida is a Delaware limited liability  
26 company, with its principal place of business in New Jersey. Choi, a New Jersey  
27 resident, is the "owner" or "manager" of Koida.

28

Koida began purchasing LED lighting products from LED One in November 2013.

1 LED One alleges that from November 2013 to December 2014, Koida paid each invoice  
2 for the lighting products it ordered and received from LED One, but that in about January  
3 2015, Koida ceased remitting payment for the merchandise it had received. Cplt ¶¶ 12-  
4 17. As a result, LED One became hesitant to continue providing lighting products to  
5 Koida.

6 On March 6, 2015, Choi executed a Personal Guaranty, pursuant to which he  
7 unconditionally agreed to be responsible for timely payment of any and all amounts owing  
8 by Koida. This allegedly induced LED One to continue to extend credit to Koida and to  
9 continue to ship products to Koida. Cplt ¶¶ 18-20 & Exh. 1. The Personal Guaranty also  
10 stated that "[t]his guaranty shall be governed by and interpreted and enforced in  
11 accordance with the laws of the State of California." Cplt. Exh. 1, § VI. However,  
12 notwithstanding Choi's execution of the Personal Guaranty, Koida and Choi did not bring  
13 the account current, and the past-due balance continued to grow. By the beginning of  
14 August 2015, Koida owed LED One over \$2.6 million, and by early November 2015, the  
15 amount Koida owed to LED One had risen to approximately \$3.3 million. See Cplt ¶ 14,  
16 Exh. 2.

17 On November 13, 2015, in an attempt to maintain Koida's operations so that the  
18 amounts owing would be paid, LED One and Koida entered into a "Joint Management  
19 Agreement," referred to by the parties as the "Joint Venture Agreement" ("JV Agr."). The  
20 Joint Venture Agreement was formed "pursuant to the Laws of the State of New York."  
21 JV Agr. ¶ 1.1. It provides that "[t]he business of the Venture shall be conducted under  
22 the name of CS Koida NY, Inc. ("CSKNY"), and that "[t]he share of CSKNY would be  
23 100% owned by" LED One. JV Agr. ¶ 1.2. The principal place of the Venture is New  
24 York. JV Agr. 1.3. The Agreement also contains a provision requiring the parties to  
25 arbitrate "[a]ny controversy or claim arising out of or relating to" the Joint Venture  
26 Agreement. JV Agr. ¶ 3.10. Finally, the Joint Venture Agreement provides that it "shall  
27 be construed in accordance with the laws of the State of New Jersey." JV Agr. ¶ 3.11.  
28 And, "in the event of a dispute or controversy with regard to the subject matter of this

1 Venture Agreement, the courts of the State of New Jersey shall have exclusive  
2 jurisdiction, and exclusive venue shall lie in the County of Union, State of New Jersey."  
3 JV Agr. ¶ 3.12.

4 On July 29, 2016, LED One filed the complaint in this action, in an attempt to  
5 recover the amounts owed to it by Koida and Choi. LED One alleges that Koida  
6 breached its agreement to pay for the lighting products it purchased ("the Unpaid  
7 Orders") and that Choi breached the Guaranty by failing to pay for the Unpaid Orders.  
8 Cplt ¶¶ 26-30; 37-40.

9 On August 8, 2016 (approximately 10 days after the present case was filed in this  
10 district), Choi, Koida, and another entity called Smart LED Corp. ("Smart LED"), also  
11 allegedly owned by Choi, filed a complaint in the Superior Court of New Jersey, Union  
12 County, against LED One, alleging breach of the Joint Venture Agreement and other  
13 state-law and common-law claims. LED One removed that case to the District of New  
14 Jersey on August 19, 2016, alleging diversity jurisdiction. See Koida v. LED One, C-16-  
15 5095-JMV (D.N.J.).

16 On September 7, 2016, Choi, Koida, and Smart LED filed a motion in the New  
17 Jersey case seeking an order compelling arbitration, or in the alternative, to remand the  
18 case to the New Jersey state court (based on the Agreement's forum-selection clause),  
19 and LED One filed a motion to dismiss the complaint pursuant to Rules 12(b)(1) and  
20 12(b)(6). On September 19, 2016, LED One filed an opposition to the motion to compel  
21 arbitration and alternative motion to remand, and a "cross motion to transfer the case" to  
22 the Northern District of California pursuant to the first-to-file rule. On October 21, 2016,  
23 the New Jersey court entered a text order stating it would first rule on the motion to  
24 compel arbitration, and that it was administratively terminating the motion to dismiss. As  
25 of May 12, 2017, the New Jersey court has not ruled on the motion to compel arbitration.

26 Meanwhile, on November 11, 2016, LED One filed a motion in the present case for  
27 entry of default as to Choi, and a second motion for entry of default as to Koida, neither of  
28 whom had responded to the complaint. Default was entered, but on November 19, 2016,

1 defendants filed a motion to vacate the default, and in the same papers, a motion to  
2 compel arbitration.

3 On January 10, 2017, the court issued an order vacating the default. On February  
4 15, 2017, the court issued an order denying the motion to compel arbitration, on the basis  
5 that while there was an arbitration provision in the Joint Venture Agreement, that  
6 Agreement did not give rise to the claims asserted in the complaint in this action (and  
7 indeed, was not even mentioned in the complaint). Thus, the court found, the parties had  
8 not agreed to arbitrate the claims arising from the Unpaid Orders and the Guaranty.

9 On March 7, 2017 (approximately three weeks after this court denied the motion to  
10 compel arbitration), defendants in this case filed an answer to the complaint, and a  
11 counterclaim alleging that LED One had breached the November 2015 Joint Venture  
12 contract when it ceased operating CSKNY and also asserting a claim for an accounting, a  
13 claim of breach of the implied covenant of good faith and fair dealing, a claim of breach of  
14 the duty of loyalty, and a claim of intentional interference with business relationships  
15 (Koida's relationships with its business clients). LED One filed its answer to the  
16 counterclaim on March 28, 2017.

17 Now before the court is the motion of Koida and Choi to transfer this case to the  
18 District of New Jersey, pursuant to 28 U.S.C. § 1404(a).

## 19 DISCUSSION

### 20 A. Legal Standard

21 “For the convenience of parties and witnesses, in the interest of justice, a district  
22 court may transfer any action to any other district or division where it might have been  
23 brought.” 28 U.S.C. § 1404(a). In deciding a motion to transfer venue, the district court  
24 must consider each of the factors enumerated in § 1404(a) – whether the action could  
25 have been brought in the proposed transferee district, the convenience of the parties, the  
26 convenience of the witnesses, and the interests of justice. Jones v. GNC Franchising,  
27 Inc., 211 F.3d 495, 498-99 (9th Cir. 2000). The defendant has the burden to show that  
28 the action should be transferred under § 1404(a). Id. at 497-99; see also Commodity

1        Futures Trading Comm'n v. Savage, 611 F.2d 270, 279 (9th Cir. 1979).

2              If the action could have been brought in the transferee venue, the court then must  
3 determine if the defendant has made a “strong showing of inconvenience to warrant  
4 upsetting the plaintiff's choice of forum” by considering private factors relating to “the  
5 convenience of the parties and witnesses” and public factors relating to “the interest of  
6 justice,” including “the administrative difficulties flowing from court congestion and [the]  
7 local interest in having localized controversies decided at home.” Decker Coal Co. v.  
8 Commonwealth Edison Co., 805 F.2d 834, 843 (9th Cir. 1986) (internal quotation marks  
9 omitted). The district court has discretion “to adjudicate motions for transfer according to  
10 an individualized, case-by-case consideration of convenience and fairness.” Jones, 211  
11 F.3d at 498 (citing Stewart Org. v. Ricoh Corp., 487 U.S. 22, 29 (1988)).

12              Courts in this district commonly examine the following factors to determine  
13 convenience and fairness under § 1404(a): (1) the plaintiff's choice of forum, (2) the  
14 convenience of the parties, (3) the convenience of the witnesses, (4) the ease of access  
15 to the evidence, (5) the familiarity of each forum with the applicable law, (6) the feasibility  
16 of consolidation with other claims, (7) any local interest in the controversy, and (8) the  
17 relative court congestion and time of trial in each forum. See Williams v. Bowman, 157  
18 F.Supp. 2d 1103, 1106 (N.D. Cal. 2001) (citing Jones, 211 F.3d at 498-99). Courts may  
19 examine all these factors, but “[n]o single factor is dispositive.” Ctr. for Biological  
20 Diversity v. Kempthorne, 2008 WL 4543043, at \*2 (N.D. Cal. Oct. 10, 2008). Instead, the  
21 weighing of the factors for and against transfer is best left to the discretion of the trial  
22 judge.” Ventress v. Japan Airlines, 486 F.3d 1111, 1118 (9th Cir. 2007).

23        B. Defendants' Motion

24              Defendants argue that the case should be transferred to the District of New Jersey  
25 because “[t]he gravamen of the controversy between the parties is based on the second  
26 agreement” (presumably referring to the Joint Venture Agreement, which gives rise to the  
27 defendants' counterclaim, and also forms the basis of the New Jersey action).  
28 Defendants note that the Joint Venture Agreement contains choice of law and venue

1 provisions stating that venue shall be in New Jersey and that New Jersey law shall apply  
2 to the matter.

3 Defendants also note that they allege in their counterclaim that LED One has  
4 failed to provide an accounting of the revenue and profits generated by CSKNY, and that  
5 LED One has not operated "this company" (presumably CSKNY) in good faith. They  
6 argue generally that because the Joint Venture Agreement provides that profit from  
7 CSKNY is to be applied to satisfy the defendants' liabilities to LED One, and because  
8 those liabilities serve as the basis for LED One's complaint, "it is clear" that most of the  
9 evidence and witnesses for all the parties' claims and defenses are located in the New  
10 York/New Jersey area.

11 With regard to the "convenience" factors, defendants concede that the first factor –  
12 plaintiff's choice of forum – favors LED One. They contend that the second factor –  
13 convenience of the parties – is neutral, because plaintiff is located in this district and  
14 defendants are located in or near the District of New Jersey.

15 Defendants argue that the third and fourth factors – convenience of witnesses and  
16 ease of access to evidence – favor transfer, because "most of the witnesses and  
17 documents in this matter reside in the East Coast." They assert that unidentified  
18 "employees, independent contractors and customers" all reside in the New Jersey area,  
19 and it will be inconvenient to require those witnesses to fly across the country. They  
20 contend that the factual dispute involving "the debt on the first contract" does not require  
21 testimony of individuals from California, as it is mainly a document analysis which  
22 "probably just requires a custodian of records from a bank at trial (assuming the parties  
23 are unable to stipulate to monies received by the [d]efendants and product loaned by  
24 [p]laintiff)."

25 Defendants assert further that factors three and four must be afforded the greatest  
26 weight. "After all," defendants assert, "without witness testimony and access to  
27 documents, a matter will not truly be decided on the merits." They add that requesting  
28 defendants to produce witnesses in the Northern District of California "will require

1 substantial expenses, including travel costs and subpoena enforcement." Thus, they  
2 contend, those two prongs weigh heavily in favor of transferring the case to the District of  
3 New Jersey.

4 Defendants assert that the fifth factor – familiarity of each forum with the  
5 applicable law – favors transfer. They contend that the relevant applicable law under the  
6 "first contract" is "general contract law. They claim that the New Jersey court "will not be  
7 challenged in this type of analysis. They argue that the "second prong contract" will  
8 require the court to apply New Jersey law to "a more complex fact pattern." They  
9 contend that the District of New Jersey court will "presumably" be more familiar with New  
10 Jersey law than the Northern District of California.

11 Defendants do not address the sixth factor – feasibility of consolidation with other  
12 claims. They argue that the seventh factor – local interest in the controversy – does not  
13 favor either side. They assert only that "[t]his matter involves private and public  
14 interests." They contend that the eighth factor – relative court congestion and trial time in  
15 each forum – also does not favor either side. They note that LED One previously cited  
16 statistics showing that there is less "congestion" in the Northern District of California than  
17 in the District of New Jersey, but they claim that it is "only by a negligible amount."

18 LED One makes two main arguments in opposition to defendants' motion – that  
19 under the "first-to-file" rule, this case should remain in this court, and that the § 1404(a)  
20 transfer analysis weighs in favor of this court retaining the case in California.

21 The "first-to-file rule" is a "generally recognized doctrine of federal comity which  
22 permits a district court to decline jurisdiction over an action when a complaint involving  
23 the same parties and issues has already been filed in another district." Pacesetter Sys.,  
24 Inc. v. Medtronic, Inc., 678 F.2d 93, 94-95 (9th Cir. 1982). Under this doctrine, when two  
25 or more cases are filed in courts of concurrent jurisdiction, the court that first acquired  
26 jurisdiction should try the lawsuit. Id. at 95; see also Apple Inc. v. Psystar Corp., 658  
27 F.3d 1150, 1161 (9th Cir. 2011). A federal district court has discretion to dismiss, stay, or  
28 transfer a case to another district under the first-to-file rule. Alltrade, Inc. v. Uniweld

1       Prods. Inc., 946 F.2d 622, 628 (9th Cir. 1991).

2                  Here, LED One argues that the California action should be considered  
3                  chronologically first, as it was filed on July 29, 2016, and the New Jersey action was not  
4                  filed until August 8, 2016. LED One also asserts that the parties are "substantially  
5                  similar," as three of the four parties named in the NJ action were also named in the  
6                  California action (Koida, Choi, and LED One), and the fourth (Smart LED Corp.) is  
7                  allegedly owned by Choi. Finally, LED One contends that the cases involve the exact  
8                  same contracts, and thus, that there is "substantial overlap" between the two suits.

9                  LED One argues that if the two suits continue to proceed separately, both courts  
10                 will have to interpret the terms and obligations of the "Unpaid Orders," the Guaranty, the  
11                 Security Agreement, and the Joint Venture Agreement, and the same facts, witnesses,  
12                 discovery, and arguments will be involved.

13                  Second, LED One argues that the balance of factors favors denying defendants'  
14                 motion to transfer this case to NJ. With regard to the first factor – plaintiff's choice of  
15                 forum – LED One asserts that its choice of California as a forum should be given  
16                 deference and that this factor thus favors denying the motion to transfer. With regard to  
17                 the second factor – convenience of the parties – LED One asserts that transferring the  
18                 case to NJ where defendants are located would simply shift the inconvenience to LED  
19                 One, which is located in California.

20                  With regard to the third factor – convenience of the witnesses – LED One  
21                 contends that defendants have not met their burden of showing that witnesses would be  
22                 inconvenienced if the case remains in California, as they have not identified any  
23                 witnesses who might be required to testify. They assert that in order to carry their burden  
24                 on this element, defendants should inform the court who the witnesses are, where they  
25                 are located, what their testimony will be, and why such testimony is necessary. However,  
26                 LED One notes, defendants have not identified a single witness by name, have not stated  
27                 where any witness is located, and have not identified any potential testimony, and have  
28                 instead relied wholly on unsubstantiated attorney argument. For its part, LED One

1 asserts that it has already identified two potential California witnesses (in its preliminary  
2 disclosures served March 15, 2017)) – Jonathan Chu and Victor Cheng, respectively, the  
3 CEO and CFO of LED One – whose testimony it will use to support its claims and  
4 defenses. LED One has also included a declaration from Mr. Chu, who explains some of  
5 the subjects he and Mr. Cheng will testify about.

6 With regard to the fourth factor – ease of access to evidence – LED One contends  
7 that defendants merely assert, without any evidentiary support, that "documents in this  
8 matter reside in the East Coast." However, LED One notes, defendants provide no  
9 indication as to what types of documents they are referring to, or what information they  
10 contain. Moreover, LED One argues, advances in technology have made it easy to  
11 transfer documents from one location to another, and thus, the fact that there might be  
12 some (unidentified) documents located on the East Coast is not sufficient to warrant  
13 transfer of the case. Finally, LED One asserts, as with the witnesses, it has identified  
14 and produced (in its initial disclosures) relevant documents, all of which are physically  
15 located in this district (as confirmed by Mr. Chu in his declaration filed in opposition to  
16 defendants' motion).

17 With regard to the fifth factor – familiarity of each forum with the applicable law –  
18 LED One argues that the claims related to the Guaranty will (as defendants admit) be  
19 governed by California law. As for the claims related to the Joint Venture Agreement,  
20 LED One rejects defendants' speculation that this court might have difficulty applying  
21 New Jersey law (as required by the Agreement), and argues that this factor does not  
22 favor transfer.

23 With regard to the sixth factor – feasibility of consolidation of other claims – LED  
24 One notes that defendants do not dispute this factor, and LED One agrees it is not  
25 relevant to this case.

26 With regard to the seventh factor – local interest in the controversy – LED One  
27 rejects defendants' assertion that this factor does not favor either side, and argues that it  
28 actually favors denying transfer because California has a strong interest in the action

1 given that LED One is incorporated in California and has its principal place of business in  
2 this judicial district (in Fremont). Moreover, the claims regarding the "Unpaid Orders" and  
3 the Guaranty are governed by California law, and LED One asserts that California has a  
4 strong interest in adjudicating claims governed by its own law.

5 With regard to the eighth factor – relative congestion of dockets and time to trial in  
6 each forum – LED One claims that its research shows that in 2016, the District of New  
7 Jersey had over 11,722 cases pending, while this district had only 8,404. (LED One  
8 provides no details regarding how many cases are assigned to each judge.) Further,  
9 LED One asserts, the median time from filing to disposition for civil cases in California  
10 was 7.3 months, while in New Jersey it was 8 months, and the median time from filing to  
11 trial for civil cases in California was 31.2 months, while in New Jersey it was 38.8 months.  
12 LED One contends that these differences are not "negligible," and that this factor thus  
13 weighs against transfer.

14 In reply, defendants argue, first, that the venue of first filing is simply one factor the  
15 court may consider in determining whether to grant a motion to transfer, and that it is not  
16 a rigid or inflexible rule to be mechanically applied. They contend that LED One is  
17 attempting to assign more weight to this factor than it warrants, and argue that if courts  
18 did the same, motions to transfer under § 1404(a) would almost always be barred, "as  
19 they are usually filed in venues where the matter was first filed."

20 Defendants argue that what the court should consider is the applicable  
21 "convenience" factors – in particular, the convenience of witnesses and ease of access to  
22 documents. Defendants also contend that the court should consider the convenience of  
23 parties, specifically the financial burden on defendants if the case were to remain in  
24 California.

25 With regard to convenience of witnesses, defendants assert that the Joint Venture  
26 Agreement transferred Koida's New York Tri-State area resources to the newly created  
27 CSKNY. These resources (according to defendants) consisted of a substantial sales  
28 force, including 16 individuals whom defendants name. Defendants have also included a

1 declaration by Choi, who names the same 16 employees. Declaration in Support of  
2 Reply ("Choi Reply Decl.") ¶ 12. of Defendants add that "[a]t last check, these individuals  
3 resided on the east coast." Choi states that CSKNY's sales force "resided in the New  
4 York/New Jersey/Connecticut area." Choi Reply Decl. ¶ 11.

5 Defendants assert that it will be necessary to examine all of these employees, to  
6 determine whether the newly created CSKNY operated differently than Koida – an  
7 analysis defendants claim is vital to "determine whether [LED One] operated this  
8 company in good faith or is purposely limiting the company's resources at the present  
9 date." They claim that "[t]he sales staff and management will be material witnesses that  
10 the parties must examine under this analysis." Choi states in his reply declaration that "it  
11 will be necessary to call the various salespersons and customers of [Koida] and [CSKNY]  
12 as witnesses to ascertain information about [CSKNY's] operations." Choi Decl. ¶ 15.

13 Defendants argue further that "other evidence," such as whether Koida's  
14 customers "contracted with the newly created [CSKNY] or the reasons for their failure to  
15 do so" will require testimony from "east coast witnesses." Further, they contend, the  
16 parties will also need CSKNY's "accounts receivables and other financial documents to  
17 ascertain its profits and apply them to offset the outstanding obligations to LED One."

18 Finally, defendants contend that the costs associated with flying these witnesses,  
19 to California will be "substantial" and "may severely impact the [c]ourt's ability to consider  
20 the matter on its merits." Moreover, they assert, "there will be a disparity in legal fees in  
21 the [p]laintiff's favor if this matter remains in California." They argue further that "[a]  
22 prolonged trial will also incur more costs to the [d]efendants as their counsel will have to  
23 commute by plane and temporarily reside in a motel during the trial's duration."  
24 Defendants claim that because LED One's counsel have offices in Philadelphia, it will not  
25 have to incur similar costs if the matter remains in New Jersey.

26 LED One has filed a separate "objection to reply evidence," in which it objects both  
27 to the defendants' filing of the Choi Reply Declaration, and to the arguments made in the  
28 reply regarding the 16 potential witnesses and potential documentary evidence

1 ("accounts receivables and other financial documents"), as well as to the arguments  
2 regarding the potential disparity in legal fees.

3 LED One argues that this evidence was improperly submitted for the first time with  
4 defendants' reply, not with the defendants' moving papers as it should have been, and  
5 thus, LED One has not had an opportunity to respond. Moreover, LED One argues,  
6 defendants cannot reasonably assert that this new evidence was required to respond to  
7 factual issues raised for the first time by LED One in its opposition. Rather, LED One  
8 contends, plaintiff added this information to the reply in an attempt to respond to the  
9 errors in their original motion, which LED One pointed out in its opposition – that is,  
10 defendants' failure to identify any witnesses or the substance of their proposed testimony,  
11 and defendants' failure to identify any documentary evidence that would be more easily  
12 accessible if the case were transferred to the District of New Jersey.

13 Defendants filed a response to LED One's objections, in which they contend that  
14 they provided the information regarding potential witnesses as a response to LED One's  
15 assertion in its opposition that defendants failed to identify any witnesses who resided in  
16 the New York Tri-State area. Defendants state that because they believed it was  
17 "uncontested" that CSKNY's employees mainly resided in the New York Tri-State area,  
18 they did not include the names of the witnesses in the original motion. Thus, they assert,  
19 the names of the witnesses is not "new evidence" but rather "clarification of an existing  
20 argument challenged by [LED One]."

21 The court finds that the motion to transfer must be DENIED because defendants  
22 have not met their burden under 28 U.S.C. § 1404(a). As an initial matter, the court finds  
23 the "first-to-file" rule to be inapplicable in defending against a motion to transfer. What  
24 LED One is really arguing in its opposition is that the court should find that the plaintiff's  
25 choice of forum weighs in favor of denying the motion.

26 As for the "convenience" factors, the first (plaintiff's choice of forum) is undisputed  
27 and favors plaintiff, and the parties appear to agree that the sixth (feasibility of  
28 consolidation with other claims) has no bearing on the issue. The court finds that the

1 second (convenience of the parties) factor, fifth (familiarity of each forum with the  
2 applicable law) factor, and seventh (local interest in the controversy) factor are all neutral.  
3 In particular, defendants' argument regarding the costs they will have to bear if this case  
4 remains in California simply amounts to a claim that the convenience should be shifted  
5 from plaintiff to defendants.

6 With regard to the second (convenience of witnesses) factor and the fourth (ease  
7 of access to evidence) factor, the court finds that even taking into account the additional  
8 evidence that was improperly submitted with the reply, defendants have not sufficiently  
9 identified the witnesses or the matters as to which they are likely to testify. All they have  
10 done is provide a list of names of employees and refer generally to some vague  
11 categories of documentary evidence.

12 Mr. Choi says in his declaration only that the witnesses will testify regarding  
13 "information as to Koida N.Y's operations." There are no details regarding what position  
14 each of the witnesses held or holds, what knowledge they have of the business  
15 operations which would make them qualified to testify, what aspect of the business  
16 operations they will testify about, or what relevance that testimony might have to the  
17 present dispute. It is defendants' burden to show that a transfer is warranted, and they  
18 have provided no explanation of the substance of the anticipated testimony. See E. & J.  
19 Gallo Winery v. F. & P. S.p.A., 899 F. Supp. 465, 466 (E.D. Cal. 1994).

20 Defendants assert in their reply brief that "it will be necessary to examine the  
21 witnesses" regarding whether CSKNY "operated differently" than Koida, in order to  
22 "determine whether [LED One] operated this company in good faith or is purposely  
23 limiting the company's resources at the present date." The court declines to speculate as  
24 to what this might mean, but does find that defendants have not provided any information  
25 from which the court can determine "the nature and quality of [the proposed witnesses']  
26 testimony in relation to the issues in the case," see Schwarzer, et al., Federal Civil  
27 Procedure Before Trial (Rutter 2016 ed.) § 4:733, and further, that defendants'  
28 explanation does not appear to have direct relevance to the claims asserted by LED One

1 in the complaint or by defendants in counterclaim.

2 As for defendants' arguments regarding how expensive it will be for them to litigate  
3 here, that is more of an argument that goes to "convenience of the parties." Since LED  
4 One is located in Northern California, and defendants are located in New York or New  
5 Jersey, it would really be a matter of shifting the convenience from one side to the other,  
6 which is not a valid reason for transferring a case. See, e.g., Lax v. Toyota Motor Corp.,  
7 65 F.Supp. 3d 772, 776 (N.D. Cal. 2014); Schwarzer, et al., § 4:732.

8 **CONCLUSION**

9 In accordance with the foregoing, the motion to transfer this case to the District of  
10 New Jersey is DENIED. The date for the hearing on the motion, previously noticed for  
11 May 17, 2017, is VACATED.

12 **IT IS SO ORDERED.**

13 Dated: May 12, 2017



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14 PHYLLIS J. HAMILTON  
15 United States District Judge

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